

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REPORT
NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 28 2011**

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants
Management Consultants

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
New Orleans South African Connection, Inc.

We have audited the accompanying statement of financial position of the New Orleans South African Connection, Inc. (NOSACONN) as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of NOSACONN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because we were not engaged as auditors until after December 31, 2009, we have not applied audit procedures necessary to satisfy ourselves about the classifications and amounts comprising the balance sheet at December 31, 2009. The amount of significant items of the balance sheet at that date, including classifications and amounts, materially affect the determination of the results of operations and cash flows for the year ended December 31, 2010.

Because of the significance of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of operations and cash flows for the year ended December 31, 2010, or on the consistency of application of accounting principles with the preceding year.

In our opinion, the accompanying statement of financial position referred to in the first paragraph fairly represents, in all material respects, the financial position of NOSACONN as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report, dated August 01, 2011, on our consideration of NOSACONN's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
August 01, 2011

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 49,153
Total Current Assets	<u>49,153</u>
Property and Equipment	
Property and Equipment	115,166
Less: Accumulated Depreciation	<u>(46,306)</u>
Total Property and Equipment	<u>68,860</u>
Other Assets	
Intellectual Property	<u>60,300</u>
Total Assets	<u><u>\$ 178,313</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 20,528
Current Portion of Notes Payable	<u>70,838</u>
Total Current Liabilities	91,366
Long-Term Liabilities	
Notes Payable	<u>61,095</u>
Total Liabilities	152,461
Contingencies	
Net Assets	
Unrestricted Net Assets	<u>25,852</u>
Total Net Assets	<u>25,852</u>
Total Liabilities and Net Assets	<u><u>\$ 178,313</u></u>

The accompanying notes are an integral part of the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains	
Contributions	
Government Grants	\$ 834,222
Individuals	29,500
In-Kind Contributions	323,100
Miscellaneous	<u>4,256</u>
Total Unrestricted Revenue and Other Support	<u>1,191,078</u>
Expenses	
Program Services	1,002,209
Supporting Services	<u>171,810</u>
Total Expenses	<u>1,174,019</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>17,059</u>
Net Assets at Beginning of Year	<u>8,793</u>
Net Assets at End of Year	<u><u>\$ 25,852</u></u>

The accompanying notes are an integral part of the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Total	Program Services	Supporting Services
Contract Labor	\$ 969,168	\$ 923,041	\$ 46,127
Advertising	7,607	7,507	100
Travel and Travel Expenses	30,812	4,966	25,846
Office Expenses	44,030	29,951	14,079
Rental Expenses	13,529	-	13,529
Event Expenses	40,259	11,325	28,934
Insurance	3,749	3,749	-
Utilities	17,642	13,617	4,025
Depreciation	22,953	-	22,953
Interest	6,241	-	6,241
Miscellaneous	18,029	8,053	9,976
	<u>18,029</u>	<u>8,053</u>	<u>9,976</u>
Total Expenses	<u>\$ 1,174,019</u>	<u>\$ 1,002,209</u>	<u>\$ 171,810</u>

The accompanying notes are an integral part of the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase(Decrease) in Net Assets	\$ 17,059
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	22,953
Increase (decrease) in operating liabilities:	
Accounts Payable	<u>(48,053)</u>
Total adjustments	<u>(25,100)</u>
Net cash provided (used) by operating activities	<u>(8,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisitions of Intellectual Property	<u>(60,300)</u>
Net cash provided (used) by investing activities	<u>(60,300)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on long-term debt	<u>62,320</u>
Net cash provided (used) by financing activities	<u>62,320</u>
Net increase (decrease) in cash and equivalents	(6,021)
Cash and equivalents, beginning of year	<u>55,174</u>
Cash and equivalents, end of year	<u>\$ 49,153</u>

The accompanying notes are an integral part of the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Orleans South African Connection, Inc. (NOSACONN) is a Louisiana not-for-profit 501(c)(3) organization, comprised of business, civic, community and entertainment industry leaders, both in New Orleans and in the Republic of South Africa. NOSACONN's unique partnership has allowed them to produce special events in the City of New Orleans and the Republic of South Africa, simultaneously for the past three years. These activities have allowed NOSACONN to serve as pioneers of presenting art, culture and tourism as the forefront of economic development.

NOSACONN has recognized the field of arts, culture & education on a local, regional and international level as a tremendous networking tool for job creation, tourism, and self-empowerment. It has also served as an incubator for economic sustainability.

Financial Statement Presentation

NOSACONN has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, NOSACONN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, NOSACONN is required to present a Statement of Cash Flows.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, NOSACONN's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Basis of Accounting

The accompanying financial statements have been prepared based on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Income Taxes

NOSACONN is a not-for-profit Foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, NOSACONN considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture, Fixtures, and Equipment

Furniture, Fixtures, and Equipment are recorded at cost. Donations of property and equipment are recorded as Furniture, Fixtures, and Equipment at their estimated fair value. It is NOSACONN's policy to depreciate the assets over their estimated useful lives of five (5) years using the straight line depreciation method.

Expenditures for maintenance and repairs are charged to expense as incurred.

Promises to Give

Contributions are recognized when the donor makes a promise to give to NOSACONN that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOSACONN uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when a stipulated time constraint ends or the purpose of the restriction is accomplished. At that point, the restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by NOSACONN.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE B - CASH AND EQUIVALENTS

At December 31, 2010 NOSACONN has cash and cash equivalents (book balances) totaling \$49,153. These deposits are stated at cost, which approximates market and are secured from risk by \$250,000 of federal deposit insurance through multiple banks. NOSACONN had \$15,981 in deposits (collected bank balances) at various banks as of December 31, 2010.

NOTE C - PROPERTY AND EQUIPMENT

A summary of property, plant, and equipment and depreciation are as follows as of December 31, 2010:

Furniture & Equipment	\$ 115,166
Accumulated Depreciation	<u>(46,306)</u>
Total Property and Equipment	<u>\$ 68,860</u>
 Depreciation Expense	 <u>\$ 22,953</u>

NOTE D - INTELLECTUAL PROPERTY

NOSACONN has obtained the rights to use any and all Intellectual Property contained within the Education Workshops Video Archives ("program content") for the sole purpose of Youth Development for the ARTS and ARTS Education Appreciation. Absent expressed written consent, NOSACONN is not authorized to sell, alienate, or encumber program content. As of December 31, 2010, NOSACONN had \$60,300 in Intellectual Property.

NOTE E - NOTES PAYABLE

	Date of Note	Interest Rate	Maturity Date	Original Amount	Unpaid Balance
First Bank & Trust	02/07/07	7.5%	03/30/13	20,000	10,259
First NBC	11/26/08	7.75%	11/25/13	25,602	18,640
New Corp Inc.	06/30/09	5%	07/24/16	14,718	12,011
Seed Co.	03/29/10	8%	03/31/12	125,000	91,023

\$ 131,933

Year	Principal	Interest	Total
2011	\$ 70,838	\$ 7,909	\$ 78,747
2012	43,011	2,540	45,551
2013	10,840	951	11,791
2014	5,139	320	5,459
2015 and thereafter	2,105	129	2,234
	<u>131,933</u>	<u>\$ 11,849</u>	<u>\$ 143,782</u>
Less: Current Portion	70,838		
	<u>\$ 61,095</u>		

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE F - RELATED PARTY TRANSACTIONS

Executive Director

The Executive Director provided start-up funds to NOSACONN at 0% interest. NOSACONN agreed to reimburse the Executive Director incrementally for various expenses. As of December 31, 2010 the remaining balance was \$11,136.

New Orleans Arts in Education Initiative

The New Orleans Arts in Education Initiative is owned by the Executive Director and performed various transactions with NOSACONN throughout the year. They were primarily responsible for filming or obtaining the various intellectual property that NOSACONN uses for educational purposes. For the year ended December 31, 2010, NOSACONN incurred \$70,300 in expenses with New Orleans Art in Education Initiative. This amount was paid in full as of December 31, 2010.

NOTE G CONTINGENCIES

Concentration of Support

Currently, the income generated by NOSACONN is derived from contributions from various grants, individual contributions, and in-kind contributions. A significant reduction in the level of this support, if this were to occur, may have an effect on NOSACONN's programs and activities. For the year ended December 31, 2010 NOSACONN received a substantial amount of its support from grants from state agencies. Approximately 70.0% of NOSACONN's support was received as part of two single year reimbursement grants from state agencies.

NOTE H - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of New Orleans South African Connection, Inc. through August 01, 2011, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants
Management Consultants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
New Orleans South African Connection, Inc.

We have audited the financial statements of New Orleans South African Connection, Inc. (NOSACONN), as of and for the year ended December 31, 2010, which collectively comprise NOSACONN's basic financial statements and have issued our report thereon dated August 01, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NOSACONN's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOSACONN's internal control. Accordingly, we do not express an opinion on the effectiveness of NOSACONN's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies, finding 2010-02.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, finding 2010-01.

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOSACONN's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of regulations, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items, findings 2010-03 through 2010-05.

NOSACONN's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit NOSACONN's responses and, accordingly, we express no opinion on them

This communication is intended solely for the information and use of the Legislative Auditor, audit committee, management, others within the foundation and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
August 01, 2011

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited New Orleans South African Connection, Inc. (NOSACONN) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the NOSACONN's major federal programs for the year ended December 31, 2010. NOSACONN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the NOSACONN's management. Our responsibility is to express an opinion on the NOSACONN's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NOSACONN's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the NOSACONN's compliance with those requirements.

As described in item(s) 2010-03 through 2010-05 in the accompanying schedule of findings and questioned costs, NOSACONN, did not comply with requirements regarding maintaining appropriate back-up procedures, submitting reimbursement requests for grants, and payment of interest expenses that are applicable to its grants from the Department of Education. Compliance with such requirements is necessary, in our opinion, for NOSACONN, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, NOSACONN complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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Internal Control Over Compliance

Management of NOSACONN is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the NOSACONN's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the NOSACONN's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-03 to be a material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-04 and 2010-05 to be significant deficiencies.

NOSACONN's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit NOSACONN's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information and use of the NOSACONN, its management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
August 01, 2011

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

We were engaged to audit the financial statements of New Orleans South African Connection, Inc., as of December 31, 2010 as of and for the year then ended and have issued our report thereon dated August 01, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

SECTION I -SUMMARY OF AUDITOR'S RESULTS

A. Control Deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: Yes. Material weaknesses: Yes.

B. Noncompliance which is material to the financial statements: Yes

C. Control Deficiencies in internal control over major programs: Yes
Material weaknesses: Yes

D. The type of report issued on compliance for major programs: Qualified

E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133:
Yes

F. Major programs:

Title	CFDA Number
U.S. Department of Education	84.186

G. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: No

I. A management letter was issued: No

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

2010 - 01 - Lack of Timely Preparation of Financial Statements

Questioned Costs: For the purpose of this finding, we have not questioned any costs.

Condition: The December 31, 2010 financial statements of New Orleans South African Connection, Inc. were not submitted to the Legislative Auditors within six (6) months after its fiscal year end.

Criteria: Appropriate accounting procedures should exist and operate effectively to check the accuracy and internal integrity of accounting information in order to provide NOSACONN with the ability to prepare accurate and timely financial statements and also to facilitate timely completion of annual audits. The audited financial statements are expected to be submitted to the Legislative Auditor's office no later than six (6) months after year end.

Cause: Inadequate personnel resources contributed to lack of performing necessary procedures for timely preparation of the audited financial statements.

Effect: LSA-RS24:514 requires review reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

Recommendation: NOSACONN should establish policies and procedures to ensure that financial statement's are prepared and audited in a timely manner.

2010 - 02 - Accounting Personnel

Questioned Costs: For the purpose of this finding, we have not questioned any costs.

Condition: As part of the audit, Paillet, Meunier and LeBlanc, LLP was engaged to prepare a draft copy of NOSACONN's financial statements on the NOSACONN's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

Criteria: Appropriate accounting procedures should exist and operate effectively to check the accuracy and internal integrity of accounting information in order to provide NOSACONN with the ability to prepare accurate and timely financial statements and also to facilitate timely completion of annual audits.

Cause: Inadequate personnel resources contributed to lack of performing necessary procedures for timely preparation of the audited financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

Effect: Significant errors can occur in the accounting process and not detected in a timely manner. Possible violation of compliance requirements pertaining to auditee's responsibilities and maintenance of books and records.

Recommendation: NOSACONN should develop and implement policies and procedures to ensure that they are aware of and in compliance with all regulations that pertain to being a non-profit organization in the state of Louisiana.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2010 - 03 - Inadequate File Maintenance Procedures

Questioned Costs: For the purpose of this finding, we have not questioned any costs.

Condition: During the testing of the audit, it was revealed that NOSACONN did not maintain proper back-up information to support various expenditures. There were instances in which invoices were not maintained, time-sheets were unavailable, and cancelled checks could not be located.

Criteria: Appropriate accounting procedures should exist to ensure that all back-up information is maintained to support all expenditures made throughout the year and to support grant reimbursements pursuant to the requirements of OMB A-133.

Cause: NOSACONN's personnel did not know the regulations on proper expense procedures and potential repayment of unsupported costs.

Effect: The lack of proper file maintenance could affect future funding.

Recommendation: NOSACONN should develop and implement policies and procedures to ensure that they are aware of and in compliance with all regulations that pertain to being a grantee in the state of Louisiana.

2010 - 04 - Grant Reporting

Questioned Costs: For the purpose of this finding, we have not questioned any costs.

Condition: There were unauthorized line item changes that did not correlate budgeted grant amounts listed in the reimbursements, there were unauthorized pay increases for positions listed in the agreed upon contract, there were unrelated amounts submitted for reimbursement, and, the time-sheets were not allocated to a particular funding source.

Criteria: Appropriate accounting procedures should exist to ensure that all grant reimbursement requests are submitted in conformance with the specified grants requirements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Cause: NOSACONN's personnel included unauthorized line items, approved unauthorized pay increases, and did not allocate the time to a particular funding source.

Effect: Improper submission of grant reimbursement requests could affect future funding.

Recommendation: NOSACONN should develop and implement policies and procedures, and training to ensure that they are aware of and in compliance with all grant requirements and procedures.

2010 - 05 - Repayment of Loan

Questioned Costs: For the purpose of this audit we have questioned \$6,241.

Condition: The executive director of NOSACONN obtained a loan to start the program for which it received a grant, and during submission included the entire amount of the loan payment, including interest expenses, as a reimbursable item under the grant reimbursement.

Criteria: Costs incurred for interest on borrowed capital, however represented, are unallowable.

Cause: NOSACONN's personnel did not know the regulations for submitting loan reimbursements under Circular A-122.

Effect: By submitting the entire loan proceeds to the grant, NOSACONN was reimbursed for interest expenses related to the loan. This is unallowable according to OMB Circular A-122.

Recommendation: NOSACONN should develop and implement policies and procedures to ensure that they are aware of and in compliance with all grant requirements and procedures.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass-through Grantor	CFDA Number	Program Title	Project Number	Grant Period	Current Year Expenditures
<u>U.S. Department of Education</u>					
Passed through - Louisiana Department of Education					
	84.186	21st Century Community Learning Centers	28-10-75-5B	01/17/10 - 05/31/11	<u>\$ 1,002,209</u>
TOTAL FEDERAL & STATE EXPENDITURES					<u>\$ 1,002,209</u>

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2010

2010 - 01 - Lack of Timely Preparation of Financial Statements

NOSACONN has made the appropriate adjustments to become more efficient in their reporting to the required bodies within the appropriate time lines.

2010 - 02 - Accounting Personnel

In 2011, NOSACONN has contracted with appropriate personnel to assist in the preparation of the financial statements in accordance with generally accepted accounting principles, including all significant footnote disclosures.

2010 - 03 - Inadequate File Maintenance Procedures

NOSACONN has begun implementing new procedures to ensure that all back-up documentation is retained and that they follow the appropriate grant requirements.

2010 - 04 - Grant Reporting

NOSACONN has begun implementing new procedures that will make them aware of all grant reporting procedures so they can ensure that they are in compliance.

2010 - 05 - Repayment of Loan

NOSACONN has begun implementing new procedures that will make them aware of all grant reporting procedures so they can ensure that they are in compliance.

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

Mr. Damon Batiste
New Orleans South African Connection, Inc.
P. O. Box 13950
New Orleans, LA 70185

We have audited the financial statements of New Orleans South African Connection, Inc. for the year ended December 31, 2010, and have issued our report thereon dated August 01, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 01, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New Orleans South African Connection, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2009 – 2010 fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on estimated service lives. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 01, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Damon Batiste
August 01, 2011
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This information is intended solely for the use of management and Board of Directors of New Orleans South African Connection, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
August 01, 2011